

108TH CONGRESS  
1ST SESSION

# S. 251

To amend the Internal Revenue Code of 1986 to repeal the 4.3-cent motor fuel excise taxes on railroads and inland waterway transportation which remain in the general fund of the Treasury.

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## IN THE SENATE OF THE UNITED STATES

JANUARY 30, 2003

Mr. LOTT (for himself and Mr. BREAU) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to repeal the 4.3-cent motor fuel excise taxes on railroads and inland waterway transportation which remain in the general fund of the Treasury.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Transportation Tax  
5       Equity and Fairness Act”.

1 **SEC. 2. REPEAL OF 4.3-CENT MOTOR FUEL EXCISE TAXES**  
 2 **ON RAILROADS AND INLAND WATERWAY**  
 3 **TRANSPORTATION WHICH REMAIN IN GEN-**  
 4 **ERAL FUND.**

5 (a) TAXES ON TRAINS.—

6 (1) IN GENERAL.—Subparagraph (A) of section  
 7 4041(a)(1) of the Internal Revenue Code of 1986  
 8 (relating to tax on diesel fuel in certain cases) is  
 9 amended—

10 (A) by striking “or a diesel-powered train”  
 11 in clauses (i) and (ii), and

12 (B) by striking “or train” in clause (i).

13 (2) CONFORMING AMENDMENTS.—

14 (A) Subparagraph (C) of section  
 15 4041(a)(1) of such Code is amended by striking  
 16 clause (ii) and by redesignating clause (iii) as  
 17 clause (ii).

18 (B) Subparagraph (C) of section  
 19 4041(b)(1) of such Code is amended by striking  
 20 all that follows “section 6421(e)(2)” and insert-  
 21 ing a period.

22 (C) Subsection (d) of section 4041 of such  
 23 Code is amended by redesignating paragraph  
 24 (3) as paragraph (4) and by inserting after  
 25 paragraph (2) the following new paragraph:

1           “(3) DIESEL FUEL USED IN TRAINS.—There is  
 2           hereby imposed a tax of 0.1 cent per gallon on any  
 3           liquid other than gasoline (as defined in section  
 4           4083)—

5                   “(A) sold by any person to an owner, les-  
 6                   see, or other operator of a diesel-powered train  
 7                   for use as a fuel in such train, or

8                   “(B) used by any person as a fuel in a die-  
 9                   sel-powered train unless there was a taxable  
 10                  sale of such fuel under subparagraph (A).

11          No tax shall be imposed by this paragraph on the  
 12          sale or use of any liquid if tax was imposed on such  
 13          liquid under section 4081.”.

14                  (D) Subsection (f) of section 4082 of such  
 15          Code is amended by striking “section  
 16          4041(a)(1)” and inserting “subsections (d)(3)  
 17          and (a)(1) of section 4041, respectively”.

18                  (E) Paragraph (3) of section 4083(a) of  
 19          such Code is amended by striking “or a diesel-  
 20          powered train”.

21                  (F) Paragraph (3) of section 6421(f) of  
 22          such Code is amended to read as follows:

23                  “(3) GASOLINE USED IN TRAINS.—In the case  
 24          of gasoline used as a fuel in a train, this section  
 25          shall not apply with respect to the Leaking Under-

ground Storage Tank Trust Fund financing rate under section 4081.”.

(G) Paragraph (3) of section 6427(l) of such Code is amended to read as follows:

“(3) REFUND OF CERTAIN TAXES ON FUEL USED IN DIESEL-POWERED TRAINS.—For purposes of this subsection, the term ‘nontaxable use’ includes fuel used in a diesel-powered train. The preceding sentence shall not apply to the tax imposed by section 4041(d) and the Leaking Underground Storage Tank Trust Fund financing rate under section 4081 except with respect to fuel sold for exclusive use by a State or any political subdivision thereof.”.

(b) FUEL USED ON INLAND WATERWAYS.—

(1) IN GENERAL.—Paragraph (1) of section 4042(b) of the Internal Revenue Code of 1986 (relating to amount of tax) is amended by adding “and” at the end of subparagraph (A), by striking “, and” at the end of subparagraph (B) and inserting a period, and by striking subparagraph (C).

(2) CONFORMING AMENDMENT.—Paragraph (2) of section 4042(b) of such Code is amended by striking subparagraph (C).

1       (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall take effect on January 1, 2003.

